



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

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Auditor of State

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**NEWS RELEASE**

FOR RELEASE June 18, 2008

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released an audit report on the City of Robins, Iowa.

The City's receipts totaled \$2,435,518 for the year ended June 30, 2007, a 34 percent increase over 2006. The receipts included \$556,095 in property tax, \$386,554 from charges for service, \$230,736 from operating grants, contributions and restricted interest, \$83,306 from capital grants, contributions and restricted interest, \$835,648 from tax increment financing, \$68,382 from lease purchase agreement proceeds, \$51,457 from unrestricted interest on investments and \$223,340 from other general receipts.

Disbursements for the year totaled \$3,703,674, a 25 percent increase over the prior year, and included \$1,671,272 for capital projects, \$921,750 for debt service and \$333,534 for public works. Also, disbursements for business type activities totaled \$242,813.

The increase in receipts from the prior year is due primarily to subdivision security deposits, additional tax increment financing and property tax receipts. The increase in disbursements is due primarily to costs associated with street and bridge replacement and water and sewer extension projects.

A copy of the audit report is available for review in the City Clerk's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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**CITY OF ROBINS**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**

**JUNE 30, 2007**

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**City of Robins**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Joel D. Miller	Mayor	Jan 2008
Chuck Hinz	Council Member	Jan 2008
JD Smith	Council Member	Jan 2008
Marilyn Cook	Council Member	Jan 2010
Eric Thomas	Council Member	Jan 2010
Cathy Welton	Council Member	Jan 2010
Lori Pickart	Clerk/Treasurer	Indefinite
Liz Schura	Assistant Clerk	Indefinite
Don Hoskins	Attorney	Indefinite

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Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Robins, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Robins' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Robins as of June 30, 2007, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated April 3, 2008 on our consideration of the City of Robins' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 13 and 30 through 32 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Robin's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2006 (which are not presented herein) and expressed qualified opinions on those financial statements due to the inability to satisfy ourselves as to the distribution by fund of the total fund balance at July 1, 2005. Those financial statements were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

April 3, 2008

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The City of Robins provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### 2007 FINANCIAL HIGHLIGHTS

- The cash basis net assets of the City's governmental activities decreased \$1,295,092 to \$838,989, primarily due to an increase in capital project disbursements.
- The cash basis net assets of the City's business type activities increased \$26,936 to \$518,580. The increase is primarily due to decreased spending in fiscal year 2007 related to water and sewer projects.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the City's indebtedness.

## **BASIS OF ACCOUNTING**

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

## **REPORTING THE CITY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statement*

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets reports information which helps answer this question.

The Statement of Activities and Net Assets presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the waterworks and the sanitary sewer system. These activities are financed primarily by user charges.

### *Fund Financial Statements*

The City has two kinds of funds:

1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund and 4) the Capital Projects Fund. The governmental fund financial statement provides a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a statement of cash receipts, disbursements and changes in cash balances.

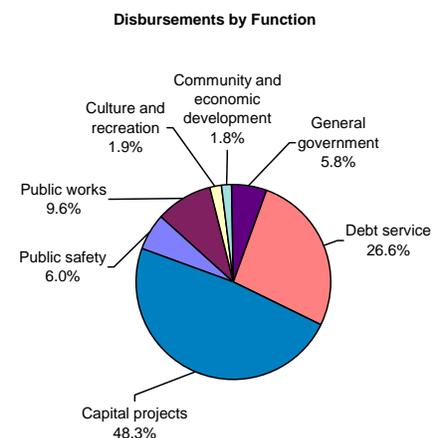
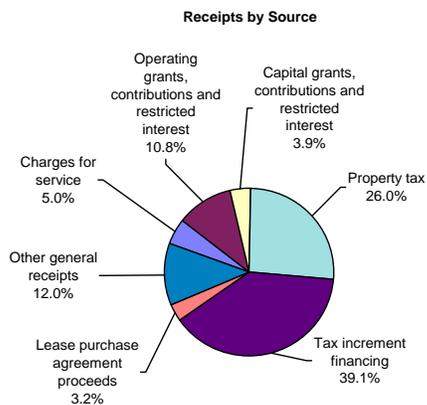
2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains two Enterprise Funds to provide separate information for the water and sewer funds, considered to be major funds of the City.

The required financial statement for proprietary funds is a statement of cash receipts, disbursements and changes in cash balances.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, from approximately \$2,134,000 to approximately \$839,000. The analysis that follows focuses on the changes in cash basis net assets of governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2007	2006
<b>Receipts:</b>		
Program receipts:		
Charges for service	\$ 106	80
Operating grants, contributions and restricted interest	231	190
Capital grants, contributions and restricted interest	83	65
General receipts:		
Property tax	556	480
Tax increment financing	835	681
Lease purchase agreement proceeds	68	31
Other general receipts	256	5
Total receipts	<u>2,135</u>	<u>1,532</u>
<b>Disbursements:</b>		
Public safety	206	218
Public works	333	274
Culture and recreation	66	48
Community and economic development	61	4
General government	201	243
Debt service	922	895
Capital projects	1,671	830
Total disbursements	<u>3,460</u>	<u>2,512</u>
Change in cash basis net assets before transfers	(1,325)	(980)
Transfers, net	30	30
Change in cash basis net assets	(1,295)	(950)
Cash basis net assets beginning of year	2,134	3,084
Cash basis net assets end of year	<u>\$ 839</u>	<u>2,134</u>



The City's total receipts for governmental activities increased 39.4%, or approximately \$603,000. The total cost of all programs and services increased approximately \$948,000, or 37.7%. The significant increase in receipts was primarily the result of subdivision security deposits, additional tax increment financing and property tax receipts. The significant increase in disbursements was primarily the result of street construction, utility extensions and bridge replacement.

The City's receipts from property tax increased \$76,000 in 2007. Based on increases in the total assessed valuation, property tax receipts are budgeted to increase an additional \$139,000 next year.

The cost of all governmental activities this year was approximately \$3.460 million compared to \$2.512 million last year. However, as shown in the Statement of Activities and Net Assets on pages 16-17, the amount taxpayers ultimately financed for these activities was only \$3.04 million because some of the cost was paid by those directly benefited from the programs (\$106,000) or by other governments and organizations that subsidized certain programs with grants, contributions and restricted interest (\$314,042). Overall, the City's governmental activities receipts, including intergovernmental aid and fees for service, increased in 2007 from approximately \$335,000 to approximately \$420,000, principally due to receiving an increase in charges for service and the receipt of grant proceeds to complete the North Troy Road Bridge. The City paid for the remaining "public benefit" portion of governmental activities with approximately \$1,715,000 in tax (some of which could only be used for certain programs) and other receipts, such as interest and general entitlements.

Changes in Cash Basis Net Assets of Business Type Activities		
(Expressed in Thousands)		
	Year ended June 30,	
	2007	2006
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 59	96
Sewer	221	171
General receipts:		
Unrestricted interest on investments	19	15
Total receipts	<u>299</u>	<u>282</u>
Disbursements:		
Water	69	320
Sewer	173	120
Total disbursements	<u>242</u>	<u>440</u>
Change in cash basis net assets before transfers	57	(158)
Transfers, net	<u>(30)</u>	<u>(30)</u>
Change in cash basis net assets	27	(188)
Cash basis net assets beginning of year	<u>491</u>	<u>679</u>
Cash basis net assets end of year	<u>\$ 518</u>	<u>491</u>

Total business type activities receipts for the fiscal year were \$299,749 compared to \$282,985 last year. Water charges decreased approximately \$37,000 as a result of a greater number of water main fees collected in the prior year. Sewer charges increased approximately \$50,000 as a result of an increase in fees for new developments. Total disbursements for the fiscal year decreased 45% to a total of \$242,813, due primarily to less water and sewer projects in fiscal year 2007. As a result of the above items, the cash balance increased by approximately \$27,000 from the prior year.

## **INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City of Robins completed the year, its governmental funds reported a combined fund balance of \$838,989, a decrease of \$1,295,092 from last year's total of \$2,134,081. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$205,837 from the prior year to \$378,039. The increase is primarily due to subdivision security deposits received and held till completion of required infrastructure.
- The Special Revenue, Road Use Tax Fund cash balance decreased slightly, by \$2,311, to \$164,906 during the fiscal year.
- The Special Revenue, Urban Renewal Tax Increment Fund was established to account for major urban renewal projects within the City's tax increment district. At the end of the fiscal year, the cash balance was \$93,611, an increase of \$69,333 from the previous year. The increase was the result of the timing of expenditures on projects.
- The Debt Service Fund cash balance decreased \$21,263 from the prior year's balance of \$21,747. This decrease was due to payments on bonds and notes.
- The Capital Projects Fund cash balance decreased \$1,543,966 to \$192,359 during the fiscal year. The decrease was due to increases in disbursements.

## **INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS**

- The Water Fund cash balance decreased \$6,384 to \$87,330.
- The Sewer Fund cash balance increased \$33,320 to \$431,250, due primarily to increases in sewer connection fees and new developments in the City.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, the City amended its budget one time. The amendment was approved on May 7, 2007 and resulted in an increase in operating disbursements of \$913,475 affecting various functions, primarily capital projects. Capital projects was amended as a result of the timing of payments for improvement projects.

The budget amendment also resulted in an increase to receipts in the amount of \$214,100, mainly affecting charges for service due to increased connections to the municipal sewer system and use of money due to increased interest rates.

The City's total receipts were \$88,173 less than budgeted. Intergovernmental receipts were \$393,250 less than budgeted. This was primarily due to the City receiving less reimbursement for federal bridge replacement than anticipated, even after the amendment.

Even with the budget amendment, total disbursements were \$627,169 less than the amended budget. Capital projects function disbursements were \$360,025 less than the amended budget, primarily due to the non-completion of capital improvements.

During the year ended June 30, 2007, disbursements did not exceed the amounts budgeted by function.

## DEBT ADMINISTRATION

At June 30, 2007, the City had \$4,694,343 in general obligation notes, bonds and other long-term debt outstanding, compared to \$5,386,436 last year, as shown below.

	Outstanding Debt at Year-End	
	June 30,	
	2007	2006
General obligation notes	\$4,280,000	4,935,000
General obligation bonds	345,000	420,000
Lease purchase agreements	69,343	31,436
Total	\$4,694,343	5,386,436

Debt decreased from the prior year as a result of redeeming approximately \$730,000 in debt principal during the year.

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$4,694,343 is significantly below its constitutional debt limit of \$8,987,947.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Robins' elected and appointed officials and citizens considered many factors when setting the fiscal year 2008 budget, tax rates and fees charged for various City activities. One of those factors is the economy. As part of the Cedar Rapids metro area, we benefit from the low unemployment rate and anticipate continued growth in both residential and commercial areas.

At the time these financial statements were prepared and audited, the City was aware of the following existing circumstances that could affect its financial health in the future.

- The United States Census Bureau performed a special census in September of 2005. The population for the city increased 629 persons in the 5-year span from 2000 to 2005, with a population of 2,435 persons in 864 housing units.
- The City's tax valuation in 2000 was \$92,187,347 compared with a 2006 valuation of \$208,655,455. This is due to the increase of residential homes within the City.
- With the continued growth, the City has been very diligent relating to not raising the tax levy. The tax levy for the FY 07/08 budget is \$9.33124 per \$1,000 of taxable valuation compared to \$9.32643 per \$1,000 of taxable valuation for FY 06/07.
- The City completed a \$2.2 million bond sale to finance several capital improvements, including municipal sewer expansion, municipal water main extension, bridge replacement and sidewalk installation.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lori Pickart, City Clerk, 265 Second Street, Robins, Iowa 52328.

**City of Robins**

## **Basic Financial Statements**

City of Robins

Statement of Activities and Net Assets – Cash Basis

As of and for the year ended June 30, 2007

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>				
Governmental activities:				
Public safety	\$ 206,272	75,294	7,858	-
Public works	333,534	-	202,945	-
Culture and recreation	65,691	650	-	-
Community and economic development	61,611	-	-	-
General government	200,731	30,403	19,933	-
Debt service	921,750	-	-	61,929
Capital projects	1,671,272	-	-	21,377
Total governmental activities	3,460,861	106,347	230,736	83,306
Business type activities:				
Water	69,036	59,494	-	-
Sewer	173,777	220,713	-	-
Total business type activities	242,813	280,207	-	-
Total	\$ 3,703,674	386,554	230,736	83,306
<b>General Receipts:</b>				
Property and other city tax levied for:				
General purposes				
Tax increment financing				
Debt service				
Unrestricted interest on investments				
Lease purchase agreement proceeds				
Bond proceeds - good faith deposit				
Subdivision security deposits				
Transfers				
Total general receipts and transfers				
Change in cash basis net assets				
Cash basis net assets beginning of year				
Cash basis net assets end of year				
<b>Cash Basis Net Assets</b>				
Restricted:				
Streets				
Urban renewal purposes				
Debt service				
Capital projects				
Other purposes				
Unrestricted				
<b>Total cash basis net assets</b>				

See notes to financial statements.

Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
Governmental Activities	Business Type Activities	Total
(123,120)	-	(123,120)
(130,589)	-	(130,589)
(65,041)	-	(65,041)
(61,611)	-	(61,611)
(150,395)	-	(150,395)
(859,821)	-	(859,821)
(1,649,895)	-	(1,649,895)
(3,040,472)	-	(3,040,472)
-	(9,542)	(9,542)
-	46,936	46,936
-	37,394	37,394
(3,040,472)	37,394	(3,003,078)
451,923	-	451,923
835,648	-	835,648
104,172	-	104,172
31,915	19,542	51,457
68,382	-	68,382
44,000	-	44,000
179,340	-	179,340
30,000	(30,000)	-
1,745,380	(10,458)	1,734,922
(1,295,092)	26,936	(1,268,156)
2,134,081	491,644	2,625,725
\$ 838,989	518,580	1,357,569
\$ 164,906	-	164,906
93,611	-	93,611
484	-	484
192,359	-	192,359
188,930	-	188,930
198,699	518,580	717,279
\$ 838,989	518,580	1,357,569

City of Robins

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Governmental Funds

As of and for the year ended June 30, 2007

	Special Revenue			
	General	Road Use Tax	Urban Renewal Tax Increment	Debt Service
Receipts:				
Property tax	\$ 451,923	-	-	104,172
Tax increment financing	-	-	835,648	-
Licenses and permits	52,155	-	-	-
Use of money and property	18,649	6,204	-	-
Intergovernmental	7,858	202,945	-	-
Charges for service	21,765	-	-	-
Miscellaneous	231,700	-	-	-
Total receipts	784,050	209,149	835,648	104,172
Disbursements:				
Operating:				
Public safety	196,488	-	-	-
Public works	53,692	279,842	-	-
Culture and recreation	65,691	-	-	-
Community and economic development	61,611	-	-	-
General government	200,731	-	-	-
Debt service	-	-	-	921,750
Capital projects	-	-	-	-
Total disbursements	578,213	279,842	-	921,750
Excess (deficiency) of receipts over (under) disbursements	205,837	(70,693)	835,648	(817,578)
Other financing sources (uses):				
Lease purchase agreement proceeds	-	68,382	-	-
Bond proceeds - good faith deposit	-	-	-	-
Operating transfers in	-	-	-	796,315
Operating transfers out	-	-	(766,315)	-
Total other financing sources (uses)	-	68,382	(766,315)	796,315
Net change in cash balances	205,837	(2,311)	69,333	(21,263)
Cash balances beginning of year	172,202	167,217	24,278	21,747
Cash balances end of year	\$ 378,039	164,906	93,611	484
<b>Cash Basis Fund Balances</b>				
Reserved for:				
Debt service	\$ -	-	-	484
Subdivision security deposits	179,340	-	-	-
Unreserved:				
General fund	198,699	-	-	-
Special revenue funds	-	164,906	93,611	-
Capital projects fund	-	-	-	-
Total cash basis fund balances	\$ 378,039	164,906	93,611	484

See notes to financial statements.

Capital Projects	Nonmajor Special Revenue		Total
	Firefighters Association		
-	-		556,095
-	-		835,648
-	-		52,155
61,929	7,062		93,844
-	-		210,803
-	-		21,765
21,377	-		253,077
<u>83,306</u>	<u>7,062</u>		<u>2,023,387</u>
-	9,784		206,272
-	-		333,534
-	-		65,691
-	-		61,611
-	-		200,731
-	-		921,750
<u>1,671,272</u>	<u>-</u>		<u>1,671,272</u>
<u>1,671,272</u>	<u>9,784</u>		<u>3,460,861</u>
<u>(1,587,966)</u>	<u>(2,722)</u>		<u>(1,437,474)</u>
-	-		68,382
44,000	-		44,000
-	-		796,315
-	-		(766,315)
<u>44,000</u>	<u>-</u>		<u>142,382</u>
<u>(1,543,966)</u>	<u>(2,722)</u>		<u>(1,295,092)</u>
<u>1,736,325</u>	<u>12,312</u>		<u>2,134,081</u>
<u>192,359</u>	<u>9,590</u>		<u>838,989</u>
-	-		484
-	-		179,340
-	-		198,699
-	9,590		268,107
<u>192,359</u>	<u>-</u>		<u>192,359</u>
<u>192,359</u>	<u>9,590</u>		<u>838,989</u>

**City of Robins**

City of Robins

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances -  
Proprietary Funds

As of and for the year ended June 30, 2007

	Enterprise		
	Water	Sewer	Total
Operating receipts:			
Charges for service	\$ 59,494	220,713	280,207
Operating disbursements:			
Business type activities	11,868	143,305	155,173
Excess of operating receipts over operating disbursements	47,626	77,408	125,034
Non-operating receipts (disbursements):			
Interest on investments	3,158	16,384	19,542
Capital projects	(57,168)	(30,472)	(87,640)
Total non-operating receipts (disbursements)	(54,010)	(14,088)	(68,098)
Excess (deficiency) of receipts over (under) disbursements	(6,384)	63,320	56,936
Transfers out	-	(30,000)	(30,000)
Net change in cash balances	(6,384)	33,320	26,936
Cash balances beginning of year	93,714	397,930	491,644
Cash balances end of year	\$ 87,330	431,250	518,580
<b>Cash Basis Fund Balances</b>			
Unreserved	\$ 87,330	431,250	518,580

See notes to financial statements.

City of Robins

Notes to Financial Statements

June 30, 2007

**(1) Summary of Significant Accounting Policies**

The City of Robins is a political subdivision of the State of Iowa located in Linn County. It was first incorporated in 1910 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides water and sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Robins has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Robins (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Blended Component Unit

The Robins Firefighters Association (Firefighters Association) has been incorporated under the provisions of the Iowa Nonprofit Corporation Act, Chapter 504A of the Code of Iowa, for the purpose of aiding in the extinguishing of fires and performing such other duties as set forth by the Fire Department. In accordance with criteria set by the Governmental Accounting Standards Board, the Firefighters Association meets the definition of a component unit which should be blended. The financial activity for the component unit has been blended as a Special Revenue Fund of the City.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Linn County Assessor's Conference Board, Linn County Emergency Management Commission, Linn County Landfill Commission and Linn County Joint E911 Service Board.

B. Basis of Presentation

Government-wide Financial Statement – The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Activities and Net Assets presents the City’s nonfiduciary net assets. Net assets are reported in two categories:

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets not meeting the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements – Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for road construction and maintenance.

The Urban Renewal Tax Increment Fund is used to account for urban renewal projects financed by tax increment financing.

The Debt Service Fund is utilized to account for the payment of interest and principal on the City’s general long-term debt.

The Capital Projects Fund is utilized to account for all resources used in the construction of capital facilities with the exception of those financed through Enterprise Funds.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

C. Measurement Focus and Basis of Accounting

The City of Robins maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements did not exceed the amounts budgeted by function.

**(2) Cash and Pooled Investments**

The City's deposits in banks at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

**(3) Bonds and Notes Payable**

Annual debt service requirements to maturity for general obligation notes and bonds are as follows:

Year Ending June 30,	General Obligation				Total	
	Notes		Bonds		Principal	Interest
	Principal	Interest	Principal	Interest		
2008	\$ 590,000	152,078	80,000	14,930	670,000	167,008
2009	605,000	133,725	85,000	11,530	690,000	145,255
2010	465,000	114,353	90,000	7,875	555,000	122,228
2011	365,000	98,777	90,000	3,960	455,000	102,737
2012	385,000	85,737	-	-	385,000	85,737
2013 - 2017	1,250,000	242,762	-	-	1,250,000	242,762
2018 - 2020	620,000	49,795	-	-	620,000	49,795
Total	\$ 4,280,000	877,227	345,000	38,295	4,625,000	915,522

On July 1, 2007, the City issued \$2,200,000 in general obligation corporate purpose notes for general corporate purposes and essential corporate purposes of which \$44,000, representing a good faith deposit, was received on June 19, 2007. The remainder of the note proceeds were received in fiscal year 2008.

**(4) Lease Purchase Agreements**

On September 30, 2005, the City entered into a lease purchase agreement to purchase a backhoe loader for \$31,436 plus trade in. The lease purchase agreement bears 7.00% per annum interest to be financed over a two-year period. During the year ended June 30, 2007, \$17,387, including interest of \$2,201, was paid under this agreement.

On August 24, 2006, the City entered into a lease purchase agreement to purchase a tractor mower for \$68,382. The lease purchase agreement bears 5.75% per annum interest to be financed over a five-year period. During the year ended June 30, 2007, \$15,289 was paid under this agreement.

The following is a schedule of the future minimum lease payments and present value of the minimum lease payments under the agreements in effect at June 30, 2007.

Year Ending June 30,	Backhoe Loader	Tractor Mower	Total
2008	\$ 17,387	15,289	32,676
2009	-	15,289	15,289
2010	-	15,289	15,289
2011	-	15,289	15,289
Total payments	17,387	61,156	78,543
Less amount representing interest	(1,137)	(8,063)	(9,200)
Present value of net minimum payments	\$ 16,250	53,093	69,343

**(5) Pension and Retirement Benefits**

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2007 and 2006 were \$13,395 and \$8,958, respectively, equal to the required contribution for each year.

**(6) Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation payable to employees at June 30, 2007, primarily relating to the General Fund, totaled \$3,400. This liability has been computed based on rates of pay in effect at June 30, 2007.

**(7) Industrial Development Revenue Bonds**

The City has issued a total of \$9,250,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$9,250,000 is outstanding at June 30, 2007. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed, and the bond principal and interest do not constitute liabilities of the City.

**(8) Risk Management**

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(9) Construction Contracts**

The City has entered into various construction contracts for street and bridge replacement totaling \$1,397,734. At June 30, 2007, \$240,924 remains unpaid and will be paid as work on the projects progresses. The projects will be funded through federal grants, bond/note proceeds, donations and local sources, as necessary.

**(10) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Special Revenue:	
	Urban Renewal Tax Increment	\$ 766,315
	Enterprise:	
	Sewer	30,000
Total		<u>\$ 796,315</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources

**(11) Water Service Contract**

On April 1, 1998, the City entered into a water service contract with the City of Cedar Rapids for retail water services to customers within the City of Robins. Services include, but are not limited to, meter reading, billing and collections, customer and account information, general customer services and investigation and resolution of water service and quality problems.

**(12) Subsequent Event**

On September 14, 2007, the City issued \$5,537,722 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa. The bonds and related interest are payable solely from donations and capital campaign receipts and the bond principal and interest do not constitute liabilities of the City.

**City of Robins**

**Required Supplementary Information**

City of Robins  
 Budgetary Comparison Schedule  
 of Receipts, Disbursements, and Changes in Balances -  
 Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds

Required Supplementary Information

Year ended June 30, 2007

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 556,095	-	-
Tax increment financing	835,648	-	-
Other city taxes	-	-	-
Licenses and permits	52,155	-	-
Use of money and property	93,844	19,542	-
Intergovernmental	210,803	-	-
Charges for service	21,765	280,207	-
Miscellaneous	253,077	-	7,062
Total receipts	<u>2,023,387</u>	<u>299,749</u>	<u>7,062</u>
Disbursements:			
Public safety	206,272	-	9,784
Public works	333,534	-	-
Culture and recreation	65,691	-	-
Community and economic development	61,611	-	-
General government	200,731	-	-
Debt service	921,750	-	-
Capital projects	1,671,272	-	-
Business type activities	-	242,813	-
Total disbursements	<u>3,460,861</u>	<u>242,813</u>	<u>9,784</u>
Excess (deficiency) of receipts over (under) disbursements	(1,437,474)	56,936	(2,722)
Other financing sources (uses), net	142,382	(30,000)	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(1,295,092)	26,936	(2,722)
Balances beginning of year	<u>2,134,081</u>	<u>491,644</u>	<u>12,312</u>
Balances end of year	<u>\$ 838,989</u>	<u>518,580</u>	<u>9,590</u>

See accompanying independent auditor's report.

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
556,095	549,346	549,346	6,749
835,648	797,000	797,000	38,648
-	7,075	7,075	(7,075)
52,155	35,150	45,150	7,005
113,386	14,500	82,900	30,486
210,803	604,053	604,053	(393,250)
301,972	168,023	278,023	23,949
246,015	15,000	40,700	205,315
<u>2,316,074</u>	<u>2,190,147</u>	<u>2,404,247</u>	<u>(88,173)</u>
196,488	168,811	210,111	13,623
333,534	339,901	349,901	16,367
65,691	50,078	76,853	11,162
61,611	29,488	64,888	3,277
200,731	211,359	251,359	50,628
921,750	921,751	921,751	1
1,671,272	1,316,297	2,031,297	360,025
242,813	369,899	414,899	172,086
<u>3,693,890</u>	<u>3,407,584</u>	<u>4,321,059</u>	<u>627,169</u>
(1,377,816)	(1,217,437)	(1,916,812)	538,996
<u>112,382</u>	<u>-</u>	<u>-</u>	<u>112,382</u>
(1,265,434)	(1,217,437)	(1,916,812)	651,378
<u>2,613,413</u>	<u>1,774,904</u>	<u>4,388,316</u>	<u>(1,774,903)</u>
<u>1,347,979</u>	<u>557,467</u>	<u>2,471,504</u>	<u>(1,123,525)</u>

City of Robins

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2007

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except the blended component unit. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund and the Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$913,475. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2007, disbursements did not exceed the amounts budgeted by function.

**Other Supplementary Information**

City of Robins  
Schedule of Indebtedness  
Year ended June 30, 2007

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation notes:			
Corporate purpose	Jun 1, 2002	3.60-4.50%	\$ 820,000
Corporate purpose	Oct 1, 2003	1.75-4.00	820,000
Public safety facility	Feb 1, 2004	2.00-3.75	350,000
Refunding	Apr 1, 2005	3.00-4.00	3,640,000
Total			
General obligation bonds:			
Urban renewal	Jun 1, 2001	4.10-4.40%	\$ 700,000
Lease purchase agreements:			
Backhoe Loader	Sep 30, 2005	7.00%	\$ 31,436
Tractor/Mower	Aug 24, 2006	5.75	68,382
Total			

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
640,000	-	80,000	560,000	26,625
690,000	-	80,000	610,000	22,850
290,000	-	30,000	260,000	9,138
3,315,000	-	465,000	2,850,000	113,057
<u>\$ 4,935,000</u>	<u>-</u>	<u>655,000</u>	<u>4,280,000</u>	<u>171,670</u>
420,000	-	75,000	345,000	18,080
31,436	-	15,186	16,250	2,201
-	68,382	15,289	53,093	-
<u>\$ 31,436</u>	<u>68,382</u>	<u>30,475</u>	<u>69,343</u>	<u>2,201</u>

**Schedule 2**

City of Robins  
 Bond and Note Maturities  
 June 30, 2007

General Obligation Notes									
Year Ending June 30,	General Corporate Purpose Issued Jun 1, 2002		General Corporate Purpose Issued Oct 1, 2003		Public Safety Facility Issued Feb 1, 2004		Corporate Purpose Refunding Issued Apr 1, 2005		Total
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	
2008	3.85%	\$ 85,000	2.60%	\$ 80,000	2.60%	\$ 35,000	3.10%	\$ 390,000	590,000
2009	4.05	85,000	2.95	80,000	2.90	35,000	3.10	405,000	605,000
2010	4.20	90,000	3.30	85,000	3.10	35,000	3.10	255,000	465,000
2011	4.30	95,000	3.55	85,000	3.25	35,000	3.20	150,000	365,000
2012	4.40	100,000	3.70	90,000	3.40	40,000	3.30	155,000	385,000
2013	4.50	105,000	3.85	95,000	3.60	40,000	3.45	160,000	400,000
2014	-	-	4.00	95,000	3.75	40,000	3.55	170,000	305,000
2015	-	-	-	-	-	-	3.65	175,000	175,000
2016	-	-	-	-	-	-	3.75	180,000	180,000
2017	-	-	-	-	-	-	3.80	190,000	190,000
2018	-	-	-	-	-	-	3.90	200,000	200,000
2019	-	-	-	-	-	-	3.95	205,000	205,000
2020	-	-	-	-	-	-	4.00	215,000	215,000
Total		<u>\$ 560,000</u>		<u>\$ 610,000</u>		<u>\$ 260,000</u>		<u>\$ 2,850,000</u>	<u>4,280,000</u>

General Obligation Bonds Urban Renewal		
Year Ending June 30,	Issued Jun 1, 2001	
Interest Rates	Amount	
2008	4.25%	\$ 80,000
2009	4.30	85,000
2010	4.35	90,000
2011	4.40	90,000
Total		<u>\$ 345,000</u>

See accompanying independent auditor's report.

## City of Robins

Schedule of Receipts By Source and Disbursements By Function -  
All Governmental Fund Types

June 30, 2007

	2007	2006
Receipts:		
Property tax	\$ 556,095	479,995
Tax increment financing	835,648	680,746
Licenses and permits	52,155	37,425
Use of money and property	93,844	70,847
Intergovernmental	210,803	182,257
Charges for service	21,765	19,240
Miscellaneous	253,077	30,438
	<u>\$ 2,023,387</u>	<u>1,500,948</u>
Disbursements:		
Operating:		
Public safety	\$ 206,272	218,537
Public works	333,534	274,271
Culture and recreation	65,691	48,232
Community and economic development	61,611	4,000
General government	200,731	243,373
Debt service	921,750	895,014
Capital projects	1,671,272	829,541
	<u>\$ 3,460,861</u>	<u>2,512,968</u>

See accompanying independent auditor's report.

**Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards**



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

David A. Vaudt, CPA  
Auditor of State

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Des Moines, Iowa 50319-0004

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Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Robins, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated April 3, 2008. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Robins' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Robins' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Robins' internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Robins' ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the City of Robins' financial statements that is more than inconsequential will not be prevented or detected by the City of Robins' internal control. We consider the deficiencies in internal control described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City of Robins' internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items (A) and (B) are material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Robins' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Robins' responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's responses, we did not audit the City of Robins' responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Robins' and other parties to whom the City of Robins may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Robins during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

April 3, 2008

## **Schedule of Findings**

City of Robins

Schedule of Findings

Year ended June 30, 2007

**Findings Related to the Financial Statements:**

**SIGNIFICANT DEFICIENCIES:**

- (A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. When duties are properly segregated, the activities of one employee act as a check on those of another. One person had control over each of the following areas for the City:
- (1) Cash – preparing bank reconciliations, initiating cash receipt and disbursement transactions and handling and recording cash.
  - (2) Investments – detailed record keeping, custody of investments and reconciling earnings.
  - (3) Receipts – collecting, depositing, journalizing and posting.
  - (4) Utility receipts – billing, collecting, depositing, posting and reconciling.
  - (5) Disbursements – purchasing, recording and reconciling.
  - (6) Payroll – preparing and distributing.
  - (7) Information system (computer usage) – performing all general accounting functions and controlling all data input and output.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control activities to obtain the maximum internal control possible under the circumstances.

Response – We will continue to strive to share duties and check on the work of each other.

Conclusion – Response acknowledged. The City should segregate duties to the extent possible with existing personnel and utilize Council Members to provide additional control through review of financial transactions and reports.

- (B) Reconciliation of Utility Billings, Collections and Delinquencies – Utility billings, collections and delinquencies were not reconciled throughout the year.

Recommendation – Procedures should be established to reconcile utility billings, collections and delinquencies at each billing cycle and delinquent lists should be prepared as well. The City Council should review the reconciliations and monitor delinquencies.

Responses – We will establish procedures relating to reconciling utility billings, collections, and delinquencies at each billing cycle.

Conclusion – Response accepted

City of Robins

Schedule of Findings

Year ended June 30, 2007

- (C) Information System – During our review of internal control, the existing control activities in the City’s computer-based system were evaluated in order to determine activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. The following weaknesses in the City’s computer based system were noted:

The City does not have written policies for:

- requiring password changes because software does not require the user to change logins/passwords.
- time out and/or logoff functions.
- screen saver password use to protect terminals.

Recommendation – The City should develop written policies addressing each of the above items in order to improve the City’s control over its information system.

Response – We are working on developing a written policy relating to computer security.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

City of Robins  
 Schedule of Findings  
 Year ended June 30, 2007

**Other Findings Related to Required Statutory Reporting:**

- (1) Certified Budget – Disbursements during the year ended June 30, 2007 did not exceed the amounts budgeted by function.
- (2) Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- (4) Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Marilyn Cook, Council Member, Part owner of Cook Fence Company	CQ20 Pipe	<u>\$ 561</u>

In accordance with Chapter 362.5(10) of the Code of Iowa, the transaction with the Council Member does not appear to represent a conflict of interest since the total transaction is less than \$1,500 during the fiscal year.

- (5) Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.
- (7) Deposits and Investments – During fiscal year 2007, interest was recorded in the Special Revenue, Road Use Tax Fund. Interest earned should be recorded in the General Fund in compliance with the deposit and investment provisions of Chapter 12C.7(2) of the Code of Iowa.

Recommendation – The City should record interest earned in the General Fund.

Response – The interest received from Road Use Tax has been transferred to the General Fund and will be recorded to the General Fund in the future.

Conclusion – Response accepted.

City of Robins

Staff

This audit was performed by:

Suzanne R. Dahlstrom, CPA, Manager  
Carrie L. Livingston, CPA, Staff Auditor  
Jacob R. Chambers, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and a distinct "E".

Andrew E. Nielsen, CPA  
Deputy Auditor of State